

December 21, 2021

Lourdes M. Castro Ramirez, Secretary
California Business, Consumer Services and Housing Agency
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

Dear Ms. Lourdes M. Castro Ramirez,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Board for Professional Engineers, Land Surveyors, and Geologists submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2021.

Should you have any questions please contact Nancy A. Eissler, Assistant Executive Officer, at (916) 263-2241, Nancy.Eissler@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The Board's mission is to protect the public's safety and property by promoting standards for competence and integrity by licensing and regulating the Board's professions.

Through its strategic plan, the Board fulfills its mission by focusing on a commitment to being a leader in protecting the public and environment with competent and ethical professional services by the Board's licensees. The Board works collaboratively with Department of Consumer Affairs (Department or DCA) and Business, Consumer Services and Housing Agency (BCSH), Legislature, and external stakeholders. Board management and staff have well defined roles and responsibilities, and the management team leads by example, conducting day-to-day operations with professionalism.

The Board's strategic goals and objectives are as follows:

Goal 1: Licensing - The Board provides applicants and licensees a method for providing services in California to protect consumers.

- 1.1 Develop and implement an integrated licensing and enforcement case management system.
- 1.2 Monitor and evaluate the impact of emerging technologies on the professions.

Goal 2: Applications/Examinations - The Board promotes appropriate standards so that qualified individuals may obtain licensure in order to protect the public.

- 2.1 Monitor and report annually whether national exams continue to meet California's licensing requirements.

Goal 3: Laws and Regulations - The Board ensures that statutes, regulations, policies, and procedures strengthen and support its mandate and mission.

3.1 Monitor and evaluate whether changes to legislation or regulations are needed due to emerging technologies and industry practices.

3.2 Proactively monitor and clarify as needed laws and regulations.

Goal 4: Enforcement - The Board protects the health and safety of consumers through the enforcement of the laws and regulations governing the practices of engineering, land surveying, geology, and geophysics.

4.1 Maintain complaint investigation cycle times under 180 calendar days.

4.2 Reduce formal disciplinary action process cycle times to the DCA-established time period of 540 calendar days.

4.3 Improve the technical expert consultant selection process, training, and compensation to enhance quality and quantity.

Goal 5: Outreach - The Board promotes the importance of licensing in an effort to regularly and consistently educate consumers, licensees, and stakeholders about the practice and regulation of the professions.

5.1 Communicate enforcement actions on an ongoing basis on the Board website as soon as feasible.

5.2 Maintain and expand as necessary the Board's social media presence.

5.3 Report annually to the Board the steps taken to educate university administrators and students about the importance of licensure.

Goal 6: Customer Service - The Board works to develop and maintain an efficient and effective team of professional and public leaders and staff with sufficient resources to improve the Board's provision of programs and services.

6.1 Provide Board-specific training for new and existing Board members in addition to DCA's Board Member Orientation Training.

6.2 Implement a payment system that can process all transaction types for any payments to the Board.

Control Environment

The Board has established an effective control environment to include:

- Organizational oversight is set forth in law and includes an independent board comprised of 15 members that Board staff provide reports to at six annual meetings. Additional oversight is provided by the Department and Control Agencies (BCSH, Department of Finance [DOF], Legislature, etc.). In addition, accountability is facilitated with annual reports and sunset reviews.
 - Organizational structure is assembled by regulatory function (i.e., licensing and enforcement) with reporting to ensure responsibilities are shared and allow those in authority to pursue business objectives.
 - Documentation of the organizational structure, processes, policies, and standards that are utilized to maintain control across the organization are reported to the Department, and Control
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Agencies, and Legislature as required.

- The Board utilizes the Department's training and planning unit (SOLID) to develop and maintain an efficient and effective team of professional and public leaders and staff and improve the Board's programs and services.
- Accountability for the execution of internal control responsibilities is formed by law, developed through regulation, with oversight from the Legislature, Control Agencies, the Department, the Board and direction of the executive program managers.
- Establishment and demonstration of integrity and ethical values is done through the ethics training and timely completion of Form 700 (financial disclosure requirement document). Additionally, staff are made aware of the Whistleblower Act and process to make complaints. Board staff participate in training and must acknowledge policy memorandums and obtain training certifications as required by the Department.

Information and Communication

Board executive management oversees the use of information critical to operations. Executive management regularly evaluates the accuracy and adequacy of information. The Board is required to collect and communicate information about operations, programs and financial and/or the Board's fund condition through various reporting mechanisms to include:

- Distribution of information needed to perform control activities and to understand internal control responsibilities is delivered regularly by the Department and Control Agencies (BCSH, DOF, Legislature, etc.).
- Channels of communication for the Board begin with the executive officer and extend to a staff of approximately fifty (50) full-time individuals working to achieve the Board's goals and objectives. Information is shared in a timely manner via meetings or emails as needed. All public information is shared at board meetings, which are held six times annually and with the public in attendance. Information is also shared with the public on the Board's website and via social media.
- Personnel understand their responsibilities for internal control through the management structure and the training and distribution of assigned functions. Ongoing unit meetings facilitated by management provide the environment and structure to report inefficiencies. Inappropriate actions can be shared through confidential communication with management or executive program managers. In addition, Board staff are provided training and policies, including DCA's ISO 21-01 Acceptable Use of Information Technology Systems, LGL 21-01 Incompatible Work Activities, Equal Employment Opportunity (EEO) 18-02 Non-Discrimination Policy, and Complaint Procedures and EEO 12-01 Sexual Harassment Prevention Policies, which provide direction for reporting inefficiencies and inappropriate actions.
- Board Staff can also report alleged threats or acts of workplace violence to the Division of Investigation, Special Operations Unit, in accordance with DCA's Workplace Violence Prevention Policy DOI 19-01.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Board for Professional Engineers, Land Surveyors, and Geologists monitoring

practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Richard Moore, Executive Officer; and Nancy A. Eissler, Assistant Executive Officer.

The risk assessment process involves the executive officer, assistant executive officer, managers, and support staff. With a total staff of approximately fifty (50) full-time employees headquartered in a single office, an organization-wide risk assessment is an on-going process that includes 100% of the staff. Potential risks and improvements to internal controls can be raised at regular all-staff meetings, manager meetings, and unit meetings or at any time via email or individual meetings.

A risk must be documented when it meets both of the following criteria:

- The ability of the Board to carry out its mission.
- There is no known internal control (existing business process) in place to mitigate the risk.

Addressing and monitoring vulnerabilities - Processes vary depending upon the type of risk control identified. Programmatic risks are assigned to the executive officer and assistant executive officer. Unit risks are addressed by the designated manager directing each unit, in consultation with the executive officer and assistant executive officer and appropriate Control Agencies.

The Board is in the process of implementing and documenting the ongoing monitoring processes as outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to the Board's systems of controls and monitoring.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Board for Professional Engineers, Land Surveyors, and Geologists risk assessment process: executive management.

The following methods were used to identify risks: ongoing monitoring activities, and other/prior risk assessments.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, and tolerance level for the type of risk.

RISKS AND CONTROLS

Risk: Fi\$Cal Reports are Inadequate and Not Timely

Timely revenue and expenditure reports are not currently available from the Fi\$Cal system. The Board is unable to access timely reports and readily validate the accuracy of data postings. This challenge results in information lags. Furthermore, revenue reports generated from the system cannot be reconciled to either the Applicant Tracking System (ATS) or Consumer Affairs System (CAS) and ledger adjustments are not transparent and do not provide detail to reconcile expenses. Timely reports are needed to make prudent budget and operational decisions. Special funds can have structural funding concerns and understanding cash balances and expenditure status is essential. Board staff, as a result,

manually track unresolved FI\$Cal issues to provide real time data to executive level managers. This adds significant staff time and the manual preparation of reports outside of the system opens the Board up to an increased risk for making unintended errors.

In addition, the Board standardized initial, renewal and other miscellaneous fees across all license types effective January 1, 2021. The Board initially planned for the new fees to go effect on January 1, 2020. However, the implementation of the new fees was delayed due to the time it took to promulgate regulations. The one-year delay in implementing the new fees had an impact on the Board's fund condition. Evaluating the impact of the new fees and delay is hindered by the lag in FI\$Cal revenue reports and the lack of ability to reconcile cashiering reports to FI\$Cal revenue reports. The delays experienced in implementing the new fees make it more urgent to obtain timely budgetary reports in order to evaluate the impact of the new fees so that the Board can determine if it will need to pursue additional regulatory packages to further stabilize its fees up to 24-36 months in advance of the needed effective date of any new fees.

Control: FI\$Cal Reports - Elevating Issues to DCA

The Board communicates with DCA on a regular basis to resolve open items, which include posting corrections, programming concerns, and reporting suggestions. The knowledge and expertise of DCA and Board staff regarding budgetary matters and historical reporting methods mitigates this risk. The Board and its staff will continue to closely monitor revenue and expenditures through its own internal data tracking, especially with regard to the new fees, to ensure that the new fees are appropriate and to evaluate the need for additional fee changes.

Risk: DCA Business Modernization Cohort 1

The Board is part of DCA's Business Modernization Cohort 1, along with three other DCA boards/bureaus, for the development and implementation of a new licensing and case management (enforcement) system. The Board uses the ATS and the CAS, which are outdated and do not meet the Board's current or future needs. Phased implementation of the new system, BPELSG Connect, began September 2020 and is ongoing. The risk introduced with the modernization effort is centered on staff availability and productivity during the testing, training, and implementation of BPELSG Connect and the lack of reporting ability in the initial launch and subsequent release phases, which leads Board staff to manually aggregate data for the annual reports and licensing and enforcement performance measures.

Control: Continued Monitoring of Project Phases to Ensure Timely Development and Implementation

The executive management team is deeply involved and invested in the successful implementation of BPELSG Connect and regularly participates in development, testing and implementation training and scope meetings to direct Board staff activities and minimize the risk to licensing and enforcement activities not being performed in a timely manner. The executive management team closely monitors licensing and enforcement unit productivity to ensure there is little to no negative impact on staff morale, public protection and /or the Board's ability to take enforcement actions. The Board will continue to work with DCA, the California Department of Technology (CDT) and

outside vendors to ensure the timely and successful implementation of BPELSG Connect, including reporting capabilities.

Risk: COVID-19 Pandemic Disruption to Operations

The COVID-19 pandemic has presented ongoing and intermittent risks to Board operations:

- The Board has experienced ongoing staffing limitations due to staff being redirected, quarantined, in isolation due to contracting the virus and limiting potential exposures or using Supplement Paid Sick Leave due to vaccination side effects.
- Board management staff have been required to undergo significant additional trainings related to pandemic including trainings related to remote work, COVID-19 monitoring, and testing programs, etc. This situation takes them away from regular duties. In addition, managers are required to participate in COVID-19 testing programs, which may have an impact on availability for performing regular duties.
- Examinations have been cancelled and/or postponed due to local health jurisdiction and statewide health mandates. This challenge may create a backlog of applicants sitting for examinations required for licensure. There is increased workload for Board staff in monitoring examination approvals, status, results and tracking fees or refunds associated with cancelled or postponed examinations.
- While holding Board meetings virtually has allowed more members of the public to attend the meetings, there can be (and have been) technical issues that create difficulties for those in attendance.
- Concern for employee or consumer health and safety while in the Board office and reduced staffing and facility closure due to state and local health jurisdiction mandates.

Control: Staff Vaccinations and Monitoring

Executive management regularly meets with managers and staff to discuss the importance of vaccinations, quarantines and reducing potential exposures in the workplace, while in the community, at Board meetings, or at outreach events. In addition, the Board management practices and enforces telework schedules, social distancing and mask-wearing in accordance with state and local health jurisdiction mandates. The Board is participating in the DCA COVID-19 testing program and staff members who have not provided vaccine verification are tested weekly in an attempt to reduce the overall state and local case rates and increase the safety for Board members, staff, and the general public.

CONCLUSION

The Board for Professional Engineers, Land Surveyors, and Geologists strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

Richard Moore, Executive Officer

CC: California Legislature [Senate (2), Assembly (1)]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency